

## Message Text

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ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 CAB-05 DODE-00 DOTE-00

FAA-00 SS-15 NSC-05 /091 W  
----- 042909

R 011930Z AUG 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 7546

INFO AMEMBASSY LIMA

UNCLAS LA PAZ 5395

E.O. 11652: N/A

TAGS: BEXP, EAIR, BL

SUBJ: LAB PLANNING PURCHASE NEW BOEING

LIMA FOR FERREE

STATE PASS EXIM

1. LLOYD AEREO BOLIVIANO (LAB) NEGOTIATING WITH BOEING TO PURCHASE NEW 727-200 FOR DELIVERY MID-OCTOBER. PRICE OF NEW AIRCRAFT US\$ 11 MILLION WITH SPARES. LAB WOULD USE NEW AIRCRAFT ON SANTA CRUZ, BOLIVIA - PANAMA - MIAMI ROUTE WHICH AIRLINE NOW PLANS INSTITUTE SEPTEMBER 19.

2. LAB HAS PAID US\$ 1 MILLION TO HOLD AIRCRAFT AND WILL PUT UP ADDITIONAL US\$ 2 MILLION AT TIME CONTRACT SIGNED IN LATE AUGUST. LAB HAS STATED THAT IT DISCUSSING FINANCING WITH SEVERAL INSTITUTIONS. EXECUTIVES ARE, NONETHELESS, INTERESTED IN POSSIBLE EXIM PARTICIPATION. BOEING HAS SAID THAT IT WILL BE MAKING A PRESENTATION TO EXIM BANK. ON BEHALF OF LAB.

3. NEW AIRCRAFT WILL BRING LAB'S JET FLEET UP TO FOUR. (AIRCRAFT INVOLVED IN ACCIDENT JUNE 27 NOW DUE TO BE BACK IN SERVICE AUGUST  
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11.) LAB OFFICIALS HIGHLY OPTIMISTIC ABOUT COMPANY'S PROSPECTS

DUE ROUTE EXTENSIONS TO RIO, NEW CONNECTION TO U.S. AND INCREASED TRAFFIC ON BUENOS AIRES ROUTE. THESE AND DOMESTIC TRUNK ROUTES CONTINUE TO HAVE EXCELLENT LOAD FACTORS. OFFICIALS TOLD US THAT LAB DOES NOT PLAN TO EXTEND SERVICE TO MONTEVIDEO IN NEAR FUTURE BUT AGREEMENT SIGNED BY URUGUAYAN AND BOLIVIAN PRESIDENTS LAST WEEK MAKES THAT AN AREA FOR POTENTIAL GROWTH.

4. PROPOSED FINANCING MERITS CAREFUL CONSIDERATION BY EXIM DESPITE SUBSTANTIAL DECLINE IN WORLD PRICES FOR BOLIVIA'S MINERALS EXPORTS, NET FOREIGN EXCHANGE RESERVES HAVE FALLEN ONLY ABOUT 10 PERCENT, FROM US\$ 164 MILLION AT END 1974 TO US\$ 147.5 MILLION AS OF JULY 10, 1975, REFLECTING GOB'S CONSERVATIVE FISCAL POLICY AND AN INCREASE IN FOREIGN PRIVATE AND OFFICIAL CAPITAL GENERATED BY THE COUNTRY'S IMPROVED POLITICAL STABILITY AND ECONOMIC POTENTIAL. ALTHOUGH WE EXPECT FOREIGN EXCHANGE RESERVES TO CONTINUE TO DECLINE DURING REMAINDER OF YEAR, UNLESS MINERAL PRICES TURN UPWARD, THE COUNTRY'S OVERALL CREDITWORTHINESS SHOULD CONTINUE TO BE MUCH STRONGER THAN IN PAST YEARS.

5. OFFICIALS ADVISE US THAT LAB MADE US\$ 1.3 MILLION PROFIT IN 1974 AND SHOULD MAKE EQUAL OR BETTER PROFIT IN 1975. WE HAVE REQUESTED LAB PROVIDE EMBASSY FURTHER FINANCIAL DATA AND A RECENTLY UPDATED MARKET SURVEY UPON WHICH COMPANY OFFICIALS EXPECT 25 PERCENT INCREASE IN SALES IN COMING YEAR. WE WILL FORWARD THIS INFORMATION WHEN RECEIVED. NEW AIRCRAFT SHOULD ADD SIGNIFICANTLY TO COMPANY'S FOREIGN EXCHANGE EARNING CAPACITY, SINCE IT HAS LARGER CARGO AND LOAD CAPACITY THAN COMPANY'S PRESENT 727-100S.  
STEDMAN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, AIRCRAFT, PROCUREMENT, AIRLINES, LOANS, TRANSACTION CHECKS  
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**Status:** NATIVE  
**Subject:** LAB PLANNING PURCHASE NEW BOEING LIMA FOR FERREE  
**TAGS:** BEXP, EAIR, BL, LAB, BOEING, XMB  
**To:** STATE  
**Type:** TE  
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